Financial Management User Group Meeting Minutes January 15, 2004

In Attendance

Chief Accountants or Representative:

Shirley Callahan	Preston Ilg	Patricia Schrauben
Mike Draschil	Patricia Lack	Kim Stephen
Joe Frick	Mike Mrazek	Cheri Thompson
Palmer Giron	Melanie Oudsema	Anita Wooton
Rick Harper	Lyle Ross	Deborah Wroubel
Russ Hecko	Lori Schomisch	Penny Wright

All Others:

Cindy Bloomer	Anne Girvin	Cindy Moerdyk
Tracie Briner	Chris Holly	Peggy Murphy
Eileen Bur	Cindy Johnson	Jane Paxton
Marilyn Carey	Jodi Kukla	David Quigley
Dianne Drews	Mary Jo Letner	Doug Ringler
Julie Earle	Dan Lohrmann	Sara Williams
Lisa Fath	Donald Mayes	Arlene Wittenberg
Ronald Foss	Paul McDonald	Rose Zuker
Marge Fuller	Laura Mester	

Opening Remarks

Laura Mester, Chair, opened the meeting at 2:00 p.m. The October 2003 meeting minutes were approved as written. There were no new participants acknowledged.

Laura thanked everyone for a job well done with regard to the 2003 CAFR.

Security Issues

Eileen Bur (Treasury) introduced Dan Lohrmann, the State's Chief Information Security Officer. Mr. Lohrmann discussed the following security topics in a Power Point presentation of security issues that face us in state government (see attachment). What's happening in the cyber world

Risks

Cyber crime is soaring:

CD theft

Credit card hackers

Computer virus

Swapping copyright files

Bank fraud

• Summary of security issues in Michigan State Government

State sees threats daily in:

E-mail viruses

Scans/probes

Web server attacks

Computer hi-jack attempts

Attacking the problem

Secure Michigan Initiative

State employees will be asked to take a class in desktop awareness.

The following websites are recommended: www.staysafeonline.info - online training at no cost; www.nist.gov - National Institute of Standards and Technology. Secure Michigan is using the same guidelines (see attachment for other websites).

The more we can do to standardize our environment and help people understand the issues, the better the financial community will be. Laura questioned if this could cause users to not want to be involved with technology projects that relate to the Internet. Since we have fewer dollars to spend, will we back up and not go forward? Dan responded that the citizens expect to be able to use the Internet for everything while being secure at the same time. A survey was done asking individuals who they trust the most. The number one answer was state government.

If you have questions, feel free to contact Dan Lohrmann at 241-4090 or LohrmannD@Michigan.gov.

DIT Update

Patricia Lack (DMB) reported for Corey Sparks that the planning recommendations for asset management are due mid February. Mike Binkley with desktop has a new automated discovery tool which helps with inventory of personal computers. They are getting the best information they can on desktop counts, and are going to a rated service.

Budget Update

Laura Mester reported that information is available from the Revenue Conference on the Budget website as well as Treasury's website. The 2005 budget presentation is the week of February 12. Agencies will be impacted in trying to identify expenditure cuts, revenue enhancements, how to stretch the dollar. There may be some pressure for departments to do transfers earlier in the process. The Legislature expects the 2005 budgets should be out by June 11, 2004.

Treasury Update

Eileen Bur reported that check depositing is becoming more risky. Don't assume identify theft is web based only.

Laura noted that we need to make certain the internal control procedures are in place to ensure what we collected or paid is correct. We need to continue to heighten our awareness; utilize best practices for reconciliations, etc.

The Department of Treasury will be contacting agencies regarding planned disbursement cycles. Treasury is looking at ways to better manage cash.

Eileen thanked those who responded to the survey on credit card accounting and it was determined that CEPAS will not be used for this. The field is a free format field and is not standardized, it would not meet agency needs at a detailed level. The BAI concept may be used which is a file that Treasury gets from the bank. A proposal will be written and reviewed by Treasury and OFM.

Laura said it might help with several types of deposits. If acceptable, we can eliminate agency reclassification entries and essentially do away with the majority of what is in the 4000 fund. It would save processing time and transaction volume. It will be similar to what is done with DI for ICON, Consumers Energy, Detroit Edison, and AEP.

Eileen announced that J.P. Morgan Chase purchased Bank One.

Roundtable Discussion

<u>Imaging payables</u>: Dave Quigley discussed the benefits that can be obtained by implementing a document-imaging program on CD. Benefits include:

- Cost savings in filing reduction
- Faster record retrieval
- Faster communication as images can be e-mailed or faxed
- Reduced printing/copying of images
- Efficient research by program and accounting staff
- Faster audits of records
- · Shorter record retention of paper documents at the Record Center

Dave e-mailed agencies after the FMUG meeting inquiring about interest in this program. He shared that the Internet application used by DLEG is a more costly tool than burning the information to a CD, while utilizing the same concept. For more information, contact Brice Sample at Record Retention or Kay Baker, Uday Malavia, Dave Quigley at DMB.

<u>Practices controlling computer equipment</u>: There was discussion among agencies with regard to inventory, physical control issues, computer applications and operations. Laura Mester will talk to DIT's OFM liaison with regard to guidance and procedures on asset management and functionality.

What are the business needs of the agencies as it relates to computer equipment. What is DIT's responsibility related to that and how do we bring it together so it's more manageable and we're not in the middle having discussions on who's responsibility it is.

OFM will facilitate with agencies and DIT on addressing these issues.

<u>Update on number and content of system change requests since PAWS</u>: There are several system enhancement development requests. Some have been distributed to functional owners and are waiting for responses from them. They include:

- · Requests related to tracking purchase orders with grant and project numbers.
- · Working with Treasury on deletion of multiple errors related to warrants.
- Working with MDOT on their project accounting and ADPICS documents.
- · Interface with DCDS called an Enterprise Weekly Activity Reporting System.
- Working with DCH on enhancements to the vendor file and certain mail code, using DCH as a pilot to see if it's possible to batch interface mail code updates.
- · We have a DI project with Detroit Edison.

Ways to reduce volume and improve efficiency of interagency transactions: Much discussion and concern from agencies on this issue. Lisa Fath and Tim Becker from OFM will be coordinating a focus group.

Employee reimbursement project: OFM is waiting for Lawson to provide information on this issue. Agencies will be informed at that time.

<u>Systems conversion from NT to XP</u>: Concerns regarding agency systems and interfaces are compatible with the upgrade for MAIN. Laura will be following up with DIT. We need a better form of communication to our agencies relating to this upgrade.

OFM Division Updates

<u>Technical, Audit, and Business Services</u>: Jane Paxton reported that the training and communications area is working on a project to create one OFM Policy and Procedures Manual. It will include accounting, reporting, payroll, and internal controls. This will also include OFM policies in the Administrative Guide and the procedures in the FRAM.

The biennial internal control agency site visits have been completed; the report is in the review process. Overall, statewide evaluations practices have continued to improve. Contact Rick Lowe with any questions.

OFM has developed a security-monitoring guide, which is a checklist to be reviewed and signed off by CFOs and ASA.

The Help Desk is back to a normal volume of calls after the peak period with HRMN Payroll. Please remember to leave a voice mail message when you call so that they can verify the volume of calls not getting through.

There are agency websites that have information about contact and payment express and vendor file information, some information is incorrect. Jane is working with FIA to correct the instructions. Contact Jane Paxton with any questions at 241-7727 or call the Help Desk.

Financial Operations

Laura reported for Ruth Mealy. The primary focus has been on 1099s and W2s.

Financial Control

Laura mentioned that the 2003 closing was very timely. Issues that came up were dealt with quickly and efficiently. Chief accountants should be proud of their accomplishments. There was a short discussion on year-end overtime and budget issues.

The meeting was adjourned at 4:25 p.m. The next FMUG meeting is scheduled for 2:00 p.m., Thursday, April 22, 2004, in room #3 of the Ottawa Conference Center.

The State of the State for Information Security

Are We in a Cyber War?

Presented by: Dan Lohrmann,

Michigan Chief Information Security Officer

FMUG -- 1/14/04

Security Session Agenda

- Topic 1: What's going on around the cyber world?
- Topic 2: Summary of security issues in Michigan State Government including recent incidents.
- Topic 3: How are we attacking the problem in Michigan State Government?



News

Business

Sports

Tech - Science

Living

Travel

Health TV News

Opinions

Weather . Local Shop@MSNBC

MSN.com

Owest Dex online yellow pages Find a Local Business

Technology & Science

HACKS, VIRUSES & SCAMS

Sponsored by Microsoft TechNet

The year the criminals took over

Con artists scam millions in 2002 with help of Internet

By Bob Sullivan

Dec. 31 — This year brought no Melissa virus, no Code Red, no daylong outages at Microsoft or Yahoo, and few tales of high-profile hacks. So one might conclude computer crime was down in 2002. And that would be a mistake. Because this year more than any other, fameseeking teenage graffiti artists were pushed aside by real criminals who have discovered how user-friendly the Internet is. Millions of dollars are being stolen now from innocent and naive Net users by con artists of every flavor, and there's reason to believe organized crime rings are now taking a sizable slice of that pie. And there's no reason to think things won't get even worse next year.



ADVERTISING ON MSNBC

© COMPLETE STORY →

Norton SystemWorks 2003 \$64.95 Dell More Security Software

Advertisement

Shopping on MSN



Hacks, Viruses & Scams

- The year the criminals took over
- · Huge ID theft at Pentagon contractor
- · High court steps into DVD fight
- Security warning over lottery

Technology & Science

Deploy, maintain, support, survive.



Overcome your IT challenges in less time with the Microsoft TechNet subscription on CD or DVD.

- New live chat sessions with Support Advisors
- New Managed Newsgroups Support
- Quick Knowledge Base Searches
- Service Packs and Patches

Learn more

RESOURCE GUIDE

Technology



Obituaries

OPINION

NYT Front Page Corrections

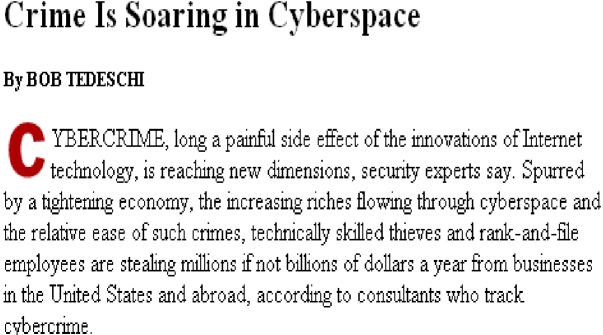
Editorials/Op-Ed

Readers' Opinions

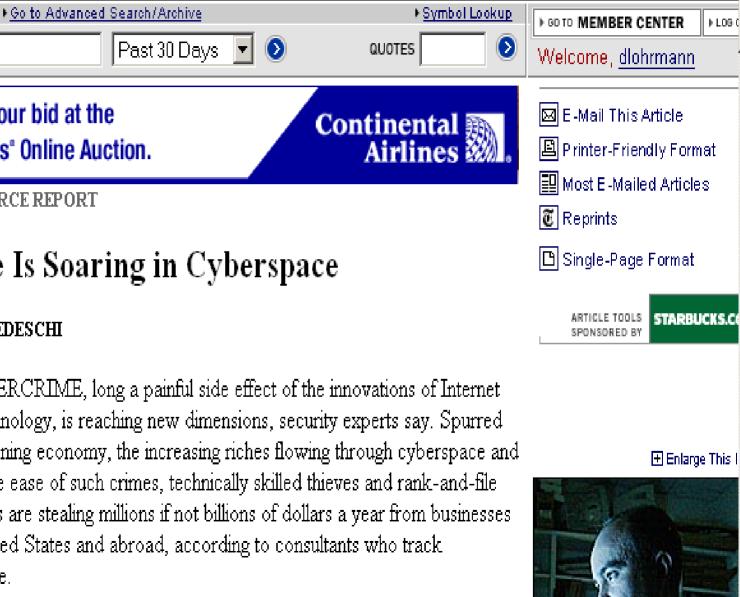
Place your bid at the

Advertisement

OnePass® Online Auction.



Thiorron are not inst direction and from



Identity fraud

Why we're all at risk of ID theft

Sports Tech Science

News

Business

Opinions

MSN.com

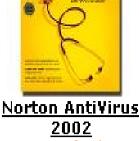
Weather . Local

Shop@MSNBC

is rampant Living

and protection Travel options limited Health TV News





\$49.95 Sale \$24.9 NothingButSoftware.d Super Price -Unbeatable Bargain

Software

More Security



ANALYSIS

By Bob Sullivan **MSNBC**

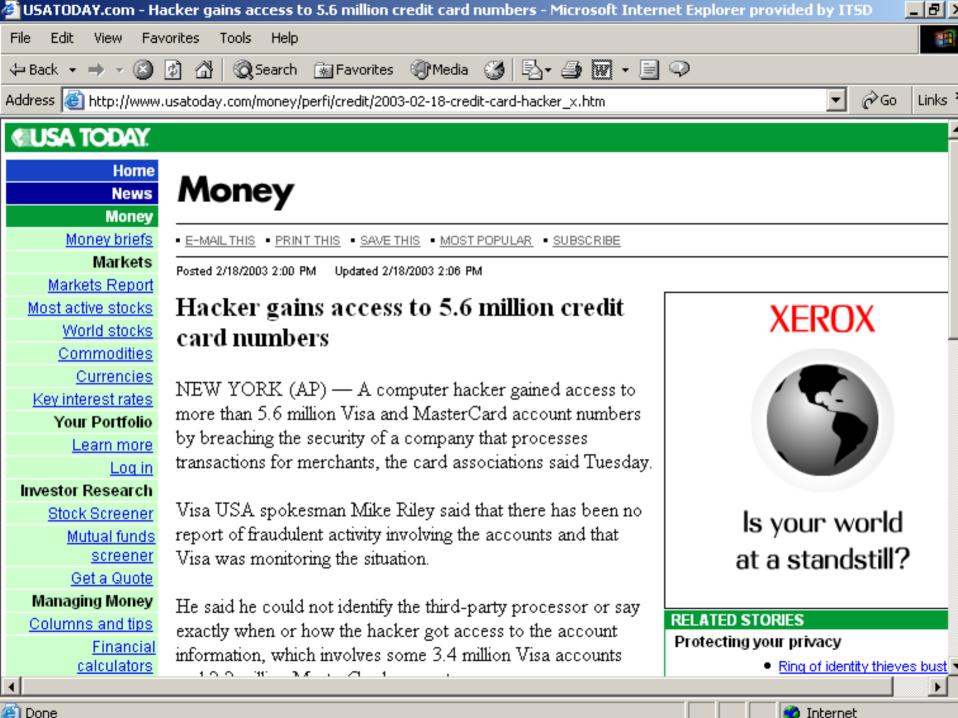
Scams

Hacks, Viruses &

- Why we're all at risk or theft
- Bush cyber-security c resigning
- Phone bill 'cramming' spikes again



Jan. 31 — Carefully guard your Social Security number. Don't enter it in Web pages; don't give it out to companies. Watch your bank statements and credit card hills like a hawk. Shred any



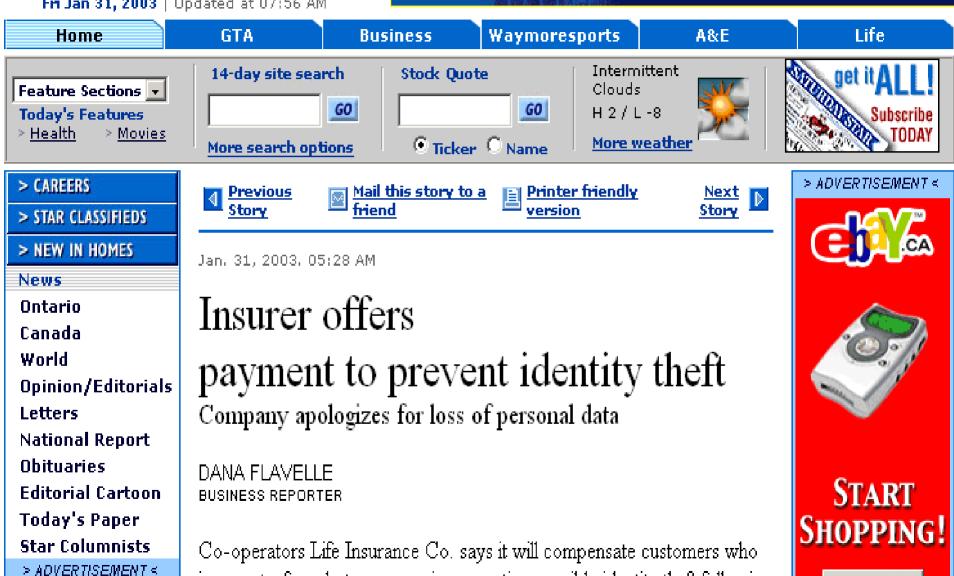
TORONTO STAR

www.thestar.com

Fri Jan 31, 2003 | Updated at 07:56 AM



Click here!



incur out-of-pocket expenses in preventing possible identity theft following







Vendor Showcase

Security: Get 128 Bit SSL Encryption!

Home > Browse Topics > Security > Story

Viruses get smarter

By DAN VERTON JANUARY 27, 2003

Content Type: Story

Source: Computerworld

Next-Generation Viruses Read more about the new class of emerging viruses:

► Viruses get smarter

10 Tips for Beating Virus Threats

He's been a virus writer for seven years. He goes by the handle Melhacker and may have been responsible for the recent outbreak of the <u>Bugbear worm</u>, the second most prevalent worm on the Internet last year. Now he claims to be working on a new virus, Scezda, that represents a new type of threat.

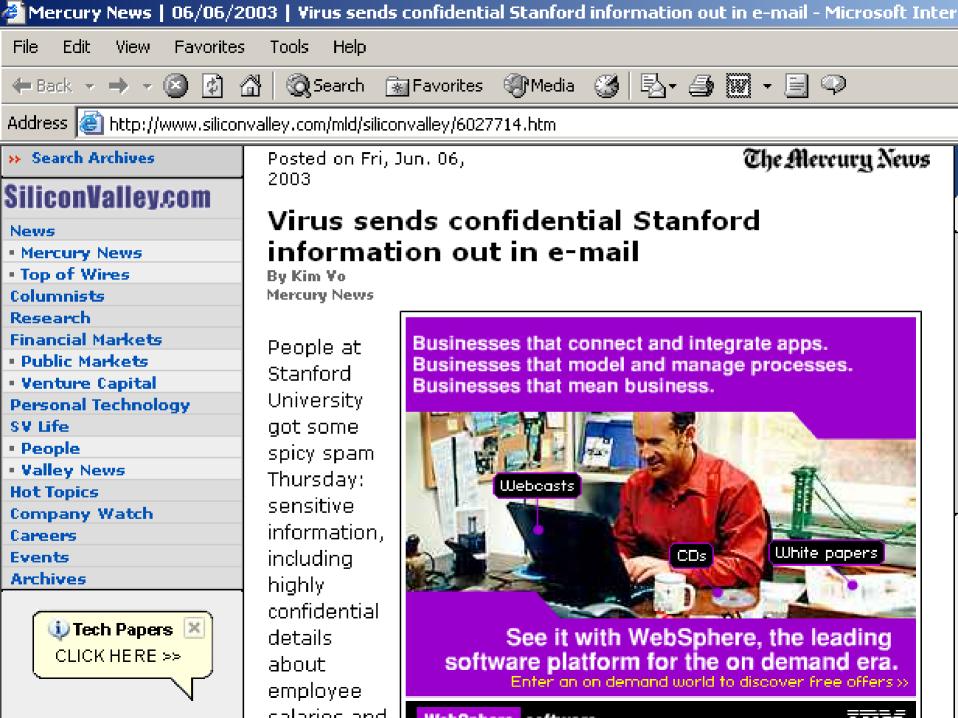
Scezda, as he describes it, falls into an emerging category of megaworms that combine features from some of this



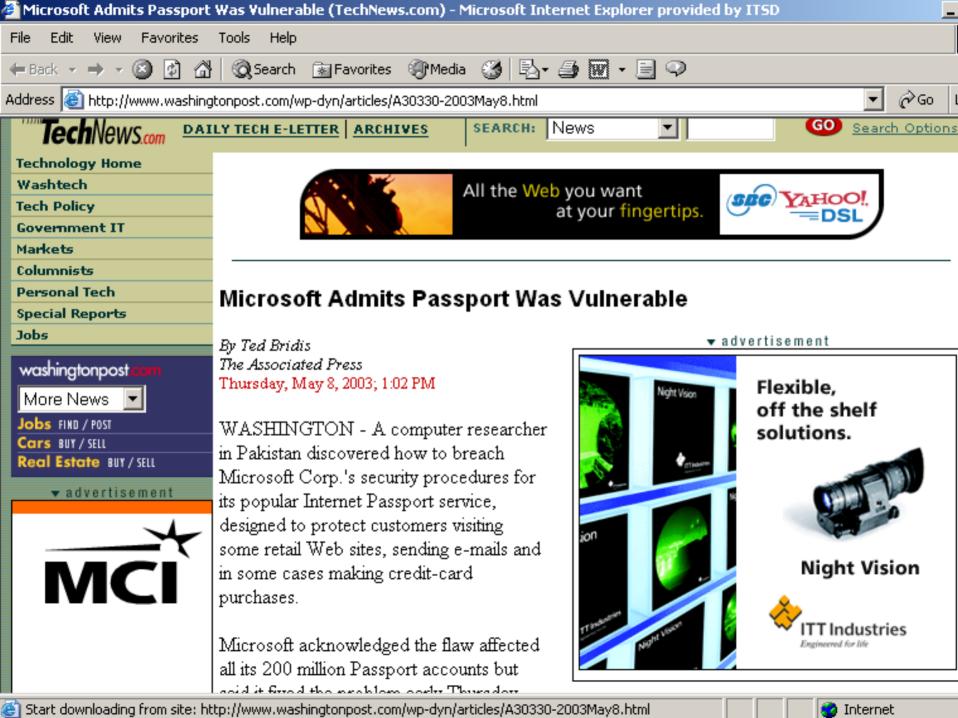
Security threats are unpredictable.

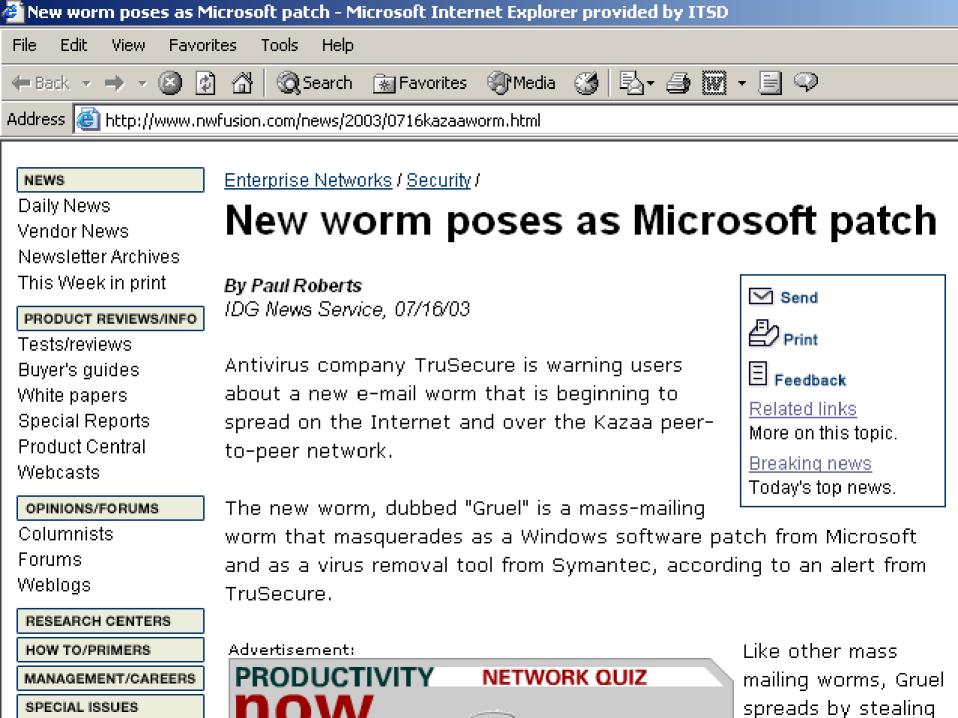
How can you stay one step ahead?

Provide integrated network security with





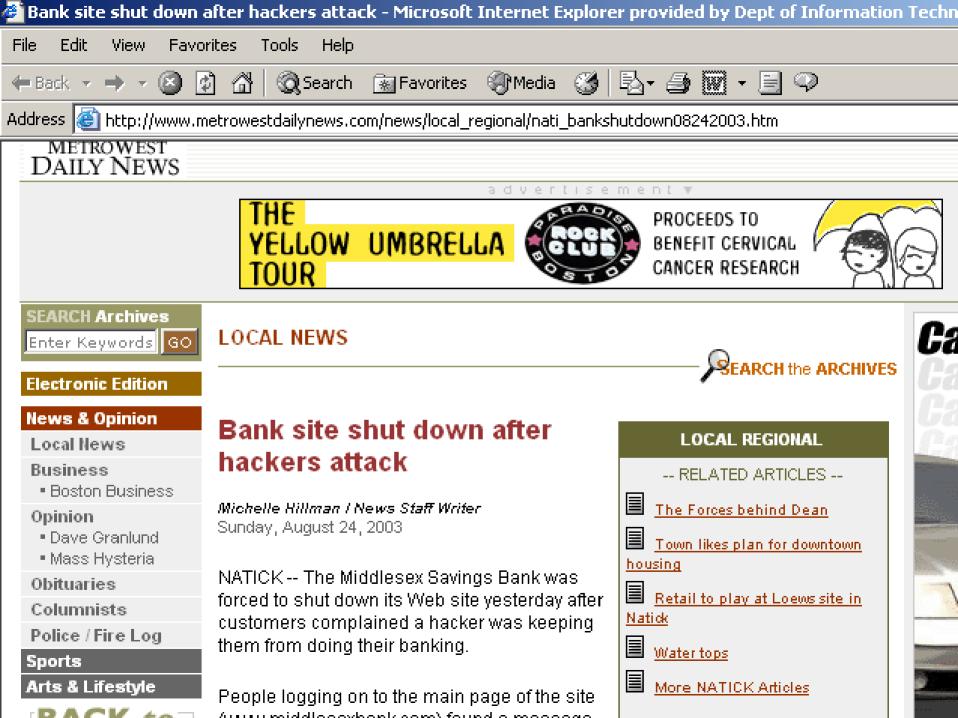


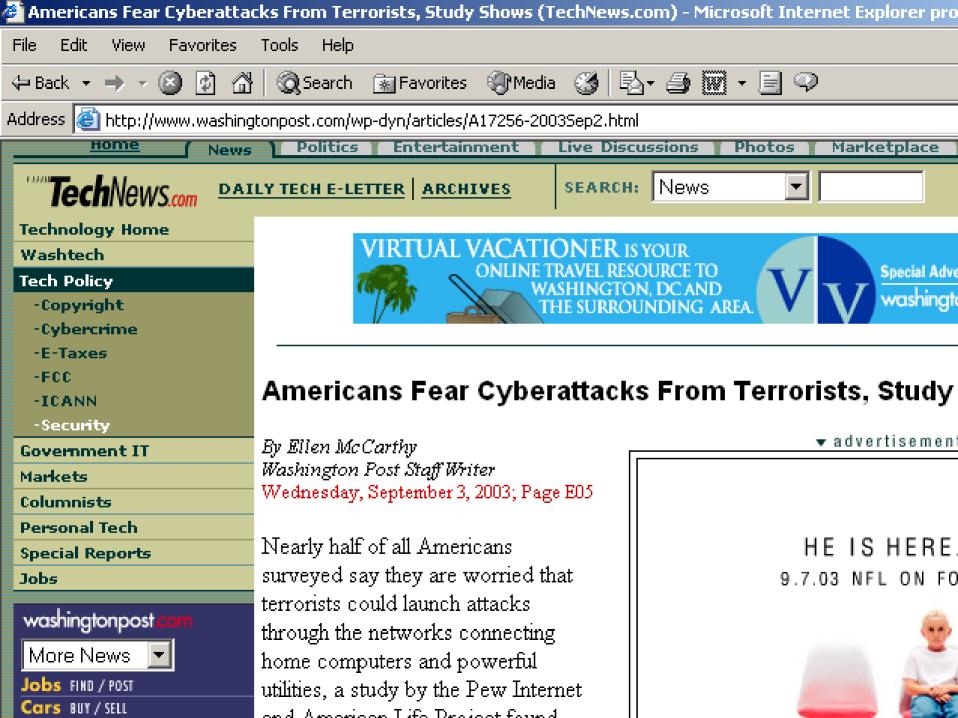


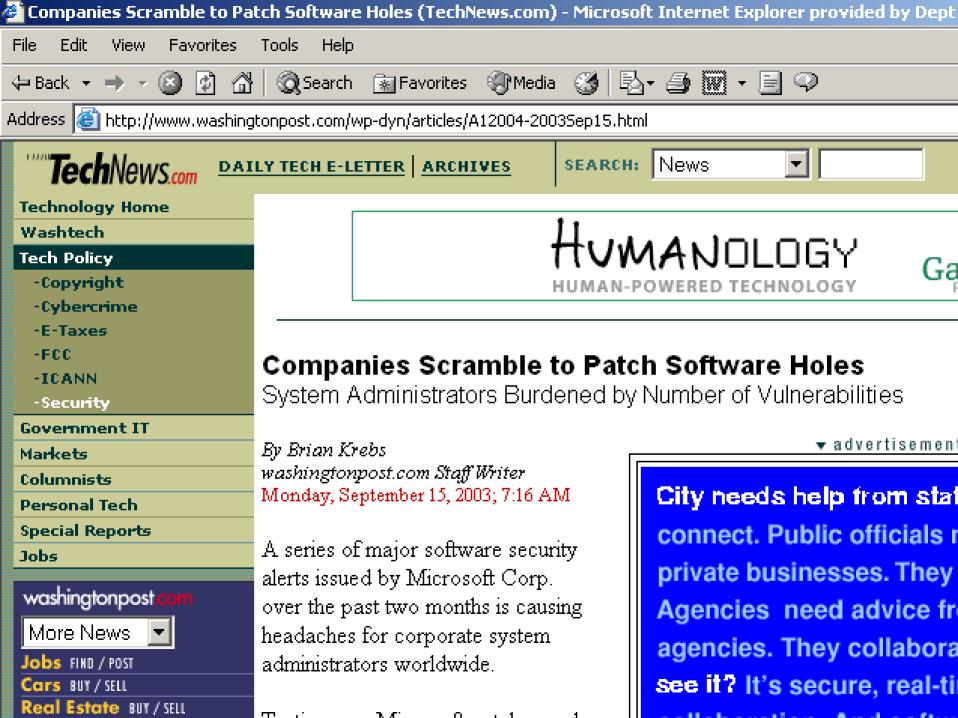


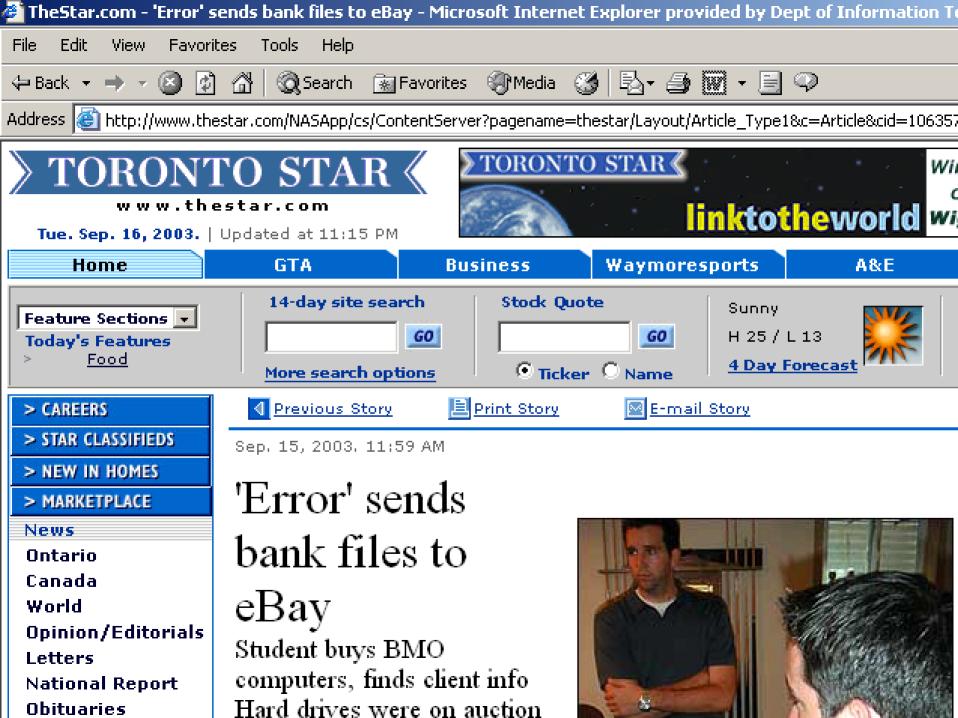


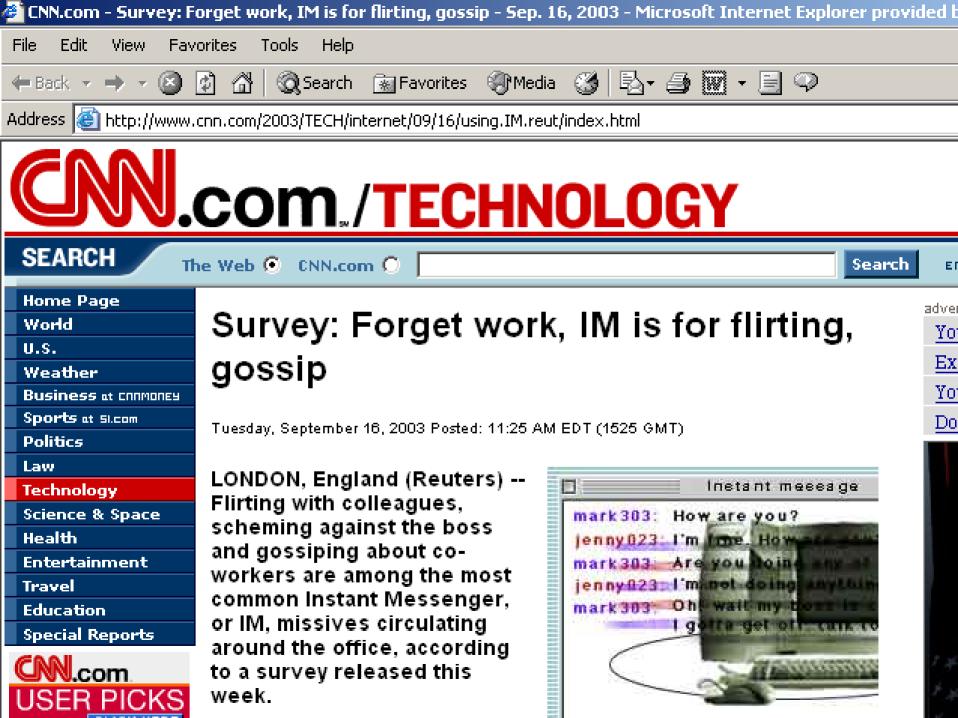






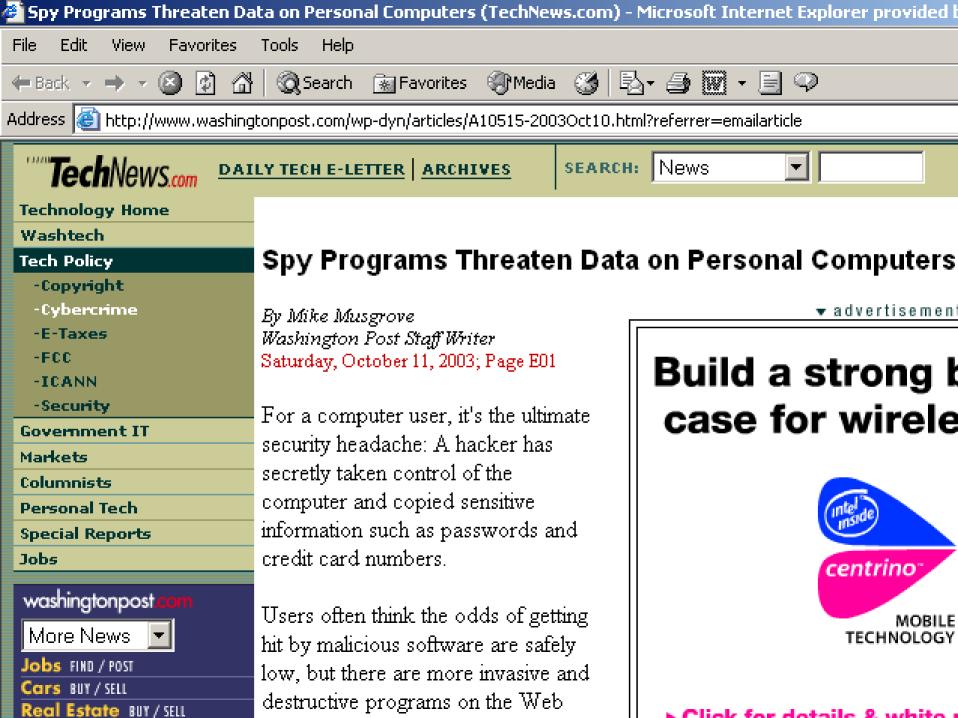






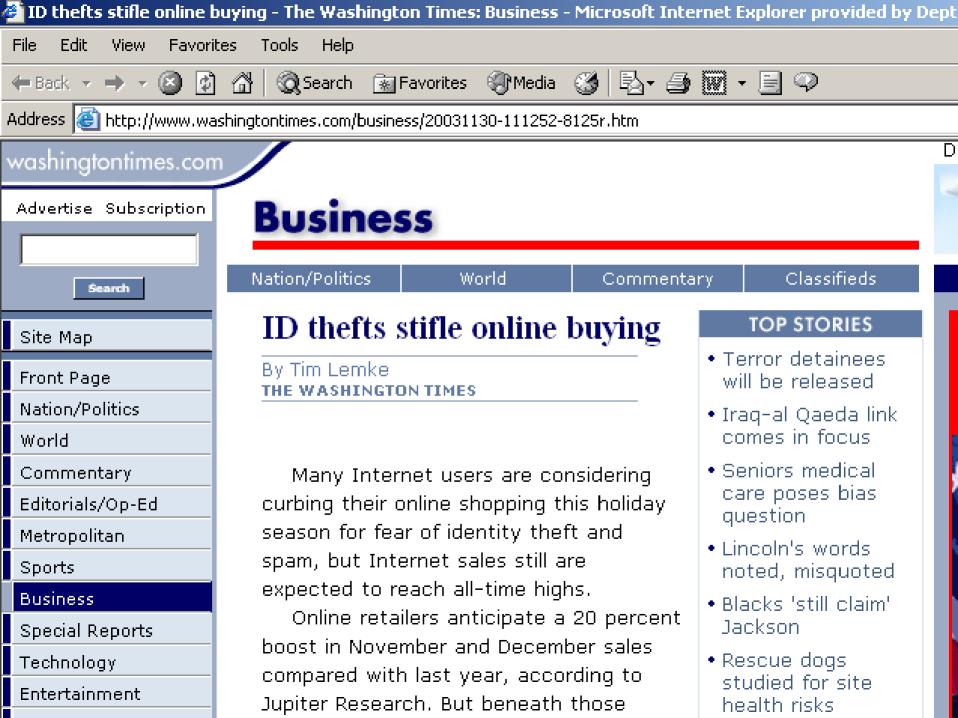








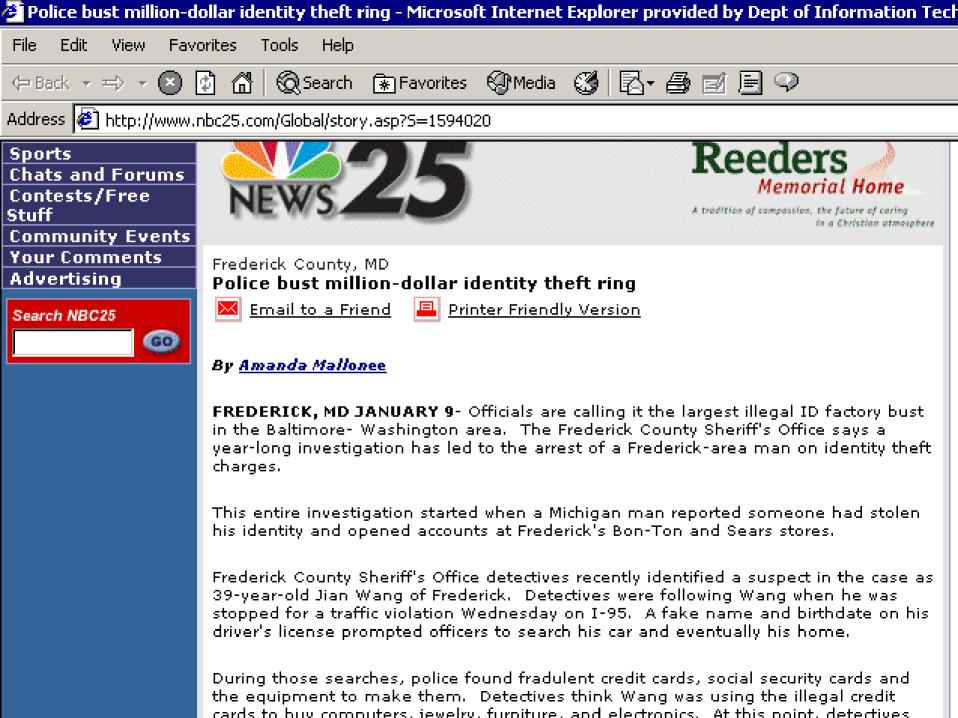




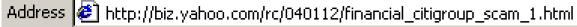




















Reuters

Citibank warns on new Internet "phishing" scam

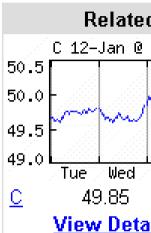
Monday January 12, 12:36 pm ET

By Jonathan Stempel

NEW YORK, Jan 12 (Reuters) - Citibank on Monday warned customers not to fall for an email fraud that urges them to log into a bogus Web site to verify that their accounts have not been tampered with.

ADVERTISEMENT The Voice Partner You Can Rely On."

"It's a scam," said Mark Rodgers, a spokesman for the bank, a unit of Citigroup Inc. (NYSE: C - News) "Consumers have reported receiving fraudulent e-mails that appear to be from Citibank, but which are in fact sent by impostors."



Related No

Quote data prov

Delaved

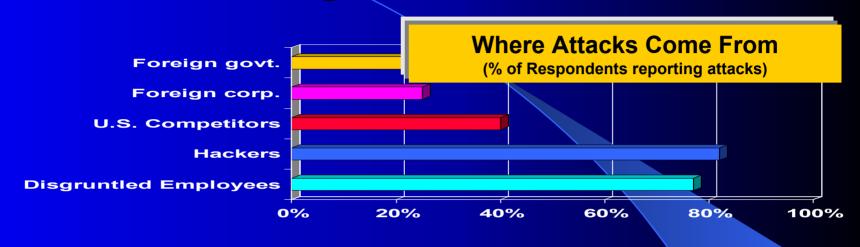
- Standard Life:
 - Share Sale No Solvency - Dow. News (6:36 am)
- Depfa EUR3 B Thursday: Pric +0.10 - Dow Jone

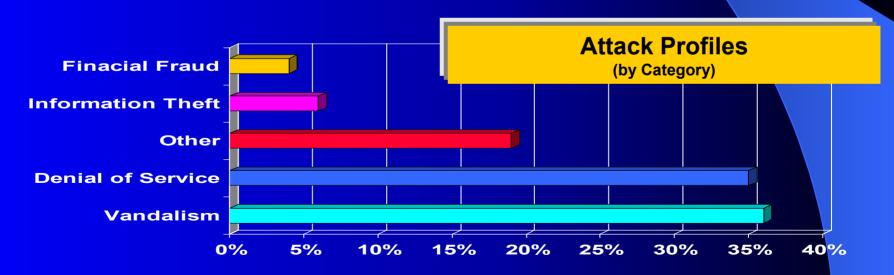
(6:14 am)

 Citigroup lawye Parmalat nroce



Is Michigan at Risk?





Source: 2003 CSI/FBI Crime & Security Survey

State Sees Threats Daily

- Typical Incidents per day (approx.)
 - 1500 e-mail viruses
 - 38,000 scans/probes
 - 620 web server attacks
 - 3 Computer Hi-jack attempts

Typical Incidents and Causes

- Trojan/System Backdoor
 - Acceptable Use Violations:
 - Peer-to-Peer file sharing
 - Instant Messaging (Chat programs)
 - Visiting Inappropriate Sites
 - Online games
- Website Defacements
 - Need for Patch Management
 - Need for Change Management

Typical Incidents and Causes Continued

- Worms/Viruses
 - County network connections (CodeRed.F)
 - Contractors plugging in infected laptops on SOM network (SQLSlammer)
 - Employees dialing into network with unsecured and infected home machines (MS Blaster/Nachi)
 - Peer-to-Peer file sharing (Klez.h, BugBear)
- Illegal/Inappropriate Activity
 - Child pornography
 - Copyright violations (Pirated software, music, movies)
 - SPAM

Consider These Questions

- Can I Detect?
 - an intrusion as it occurs across my entire network?
- Can I React?
 - with sufficient speed and resources to minimize loss?
- Can I Identify?
 - what systems and data were compromised?

What is my risk of loss if I can't?



THE SECURE MICHIGAN INITIATIVE

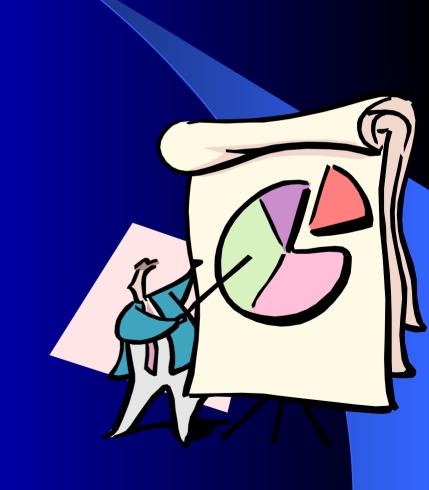


OFFICE OF ENTERPRISE SECURITY

DEPARTMENT OF INFORMATION TECHNOLOGY

The Process

- Rapid risk assessment
- As is analysis
- Gap determination
- To be Security recommendations



Results

Based upon the DIT rapid risk assessment, the.

Enterprise security group had recommendations in the following six(6) focus areas:

- 1) Roles and responsibilities.
- 2) Security awareness, training and education.
- 3) Security incident management.
- 4) Computer security risk management.
- 5) Disaster recovery.
- 6) Certification and accreditation of applications and systems.

Office of Enterprise Security What Do We Do?

- Michigan IT Strategic & Tactical Security Plans
- Coordinate Incident Response, Patch Management, Security Awareness, Risk Management, DR, and security certification/accreditation processes within DIT
- Homeland Security Liaison, Cyber-Security Committee Chair,
 Critical Infrastructure Protection (CIP) Co-Chair
- NASCIO & other national + state + local coordination
- DIT Emergency Management Coordinators (DIT EOC)
- MITech Security Sub-Committee, SDII Phase 2 Processes

Where's Help At Home & Work?

Michigan State Government Awareness Training is coming

Good Websites:

http://www.staysafeonline.com

http://www.staysafeonline.info

http://www.getnetwise.org/

http://www.besafeonline.org

Some Practical Tips -- What can you do?

- 1. Keep your personal information private including your name, phone number, address, passwords and social security or credit card numbers.
- 2. Turn off the computer if you feel uncomfortable with what you are seeing on the screen.
- 3. Never agree to let children meet someone in person who they have met online.
- 4. Don't share photos of yourself with strangers.
- **5.** Keep the computer your child uses in a central location.
- **6.** Join children as they surf the Internet.
- 7. Install anti-virus and firewall software on your computer.
- 8. Remember, not everyone on the Web is who they say they are.

Where's Help? Public Sector - State/Federal

- White House http://www.whitehouse.gov/homeland
- Department of Homeland Security http://www.dhs.gov
- Michigan Homeland Security Website www.michigan.gov/homeland
- National Infrastructure Protection Center (NIPC) Recently renamed to Information Analysis Infrastructure Protection (IAIP) http://www.nipc.gov

Where's Help? Public Sector - NIST

National Institute of Standards and Technology

Founded in 1901, NIST is a non-regulatory federal agency within the U.S. Commerce Department's Technology Administration. NIST's mission is to develop and promote measurements, standards, and technology to enhance productivity, facilitate trade, and improve the quality of life. NIST carries out its mission in four cooperative programs:

Manufacturing Extension Partnership, a nationwide network of local centers offering technical and business assistance to smaller manufacturers; and Advanced Technology Program, which accelerates the development of innovative technologies for broad national benefit by co-funding R&D partnerships with the private sector. http://www.nist.gov/

SP-800-12-Information Security, The NIST Handbook

http://csrc.nist.gov/publications/nistpubs/800-12/handbook.pdf

SP-800 –18 – Guide For Developing Security Plans

http://csrc.ncsl.nist.gov/publications/nistpubs/800-18/Planguide.PDF

Questions?

Contact Information:

Name: Dan Lohrmann

Phone: (517) 241-4090

e-Mail: LohrmannD@mi.gov